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DEVELOPMENT OF THE AMERICAN MERCHANT MARINE¹

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THE history of the American mercantile marine is both a romance and a tragedy. The romance goes back to the early part of the nineteenth century, after the close of the war of 1812, when there was a rapid growth of American shipping, until in tonnage and class of ships we became the leading shipping country of the world. There were many reasons for this wonderful growth and success.

First, we possessed the finest class of seafaring men that the world has ever produced. In our eastern states it was considered an almost necessary part of a young man's education to go to sea for at least a few years, thereby fitting him for a position of command, and many at a very early age became masters of the finest ships that sailed the world over.

Second, in the growth of our forests we possessed the materials for building the stanchest and fastest craft that human skill could design.

Third, our shipyards were manned by skilled mechanics whose trade was handed down from father to son, and into the building went the best of work and endeavor, for the hearts of the workers were in their task.

Our poet Longfellow, in his poem of "The Building of the Ship," has most beautifully described its construction:

Thus said he, we will build this ship!
Lay square the blocks upon the slip,
And follow well this plan of mine.
Choose the timbers with greatest care;
Of all that is unsound beware:

¹ Read at the meeting of the Academy of Political Science, November 12, 1915.

For only what is sound and strong
To this vessel shall belong.
Cedar of Maine and Georgia Pine,
Here together shall combine.
A goodly frame and a goodly fame
And the Union be her Name!

The ownership of our shipping was largely a local matter pertaining to those living in the immediate neighborhood of where the ships were built, merchants, traders, manufacturers and farmers all being investors, while the officers and crew were also largely of the same localities. This gave a special interest to many, and news from the ship was always awaited with keenest concern.

Those were halcyon days for our merchant marine, for the stars and stripes were known and seen in all ports of the world, our merchants were traders in everything that could be exported and imported, and some of the fortunes made in those ventures were the foundations for the larger fortunes of the present day. Nothing more beautiful for the eye to rest upon was ever produced than one of our clipper ships with its graceful lines, its towering masts, and its white wings spread to catch every favoring breeze, and always trying to make record runs. Even in the present days of quick steamer passages, the record of the *Sovereign of the Seas* from New York to Liverpool in twelve days is almost beyond belief.

But a change was to come, and it came all too soon. The first menace to our shipping came when England commenced building her ships of iron. The American wooden ship was built for strength, speed and beauty, with carrying capacity a secondary consideration. The British iron ship was also built for strength, for a fair degree of speed, very little with a view to beauty, and the first consideration was to make her a big carrier.

American workmen were skilled only in the building of wooden ships, while the British workmen had learned their trade in the iron works of that country. Competition became more keen between foreign shipowners and those of this coun-

try, and as it grew the difference became apparent in favor of the iron ship. This was the beginning of the tragedy that was to lead to a steady decline of American shipping, until we ranked low down in the scale among nations.

But it was not the most serious blow. The outbreak of our civil war in 1860 found us still with a large number of ships flying our flag. Then the Confederate privateers, the Alabama, the Shenandoah and others, were fitted and provisioned in Europe and sent out to prey upon American commerce. Our navy was not numerous or powerful enough to give proper protection, so that many of our ships were destroyed. The risks became so great that the insurance companies refused to insure and owners were compelled to carry their own risks, with great danger of having their ships destroyed, or to sell them or transfer them to a neutral flag. And they were sold and transferred to so great an extent that at the close of the war in 1865, with the exception of our coastwise tonnage, the American flag had almost disappeared from the ocean. The end of the war found our shipyards deserted and in many cases dismantled, our skilled mechanics scattered or resting in our battlefields, and the opportunities for profits on capital so much greater in the building of railroads and manufacturing enterprises that shipbuilding, except in a limited way, ceased to be attractive.

Still another blow was to come, when England changed from iron to steel, producing a more buoyant craft, a larger capacity and, later, at a decreased cost. This sounded the death-knell of wooden ships, and today they are almost a curiosity.

Following all this came the slow but constant change from sailing ships of all kinds and all nations to the burden-bearers of commerce, the tramp steamships, until in foreign trade sailing ships are carrying but a small portion of the products of the world. While the shipyards of the United States can produce warships equal to those of any country and steamers suitable for our coastwise trade, yet they do not and cannot, under present conditions, meet the competition of ships built in England, Germany, France and Japan. A year ago the

tragedy was complete, and we had fallen low in the scale of ship-owning countries.

With the advent of the war in Europe there was a golden opportunity for the United States to regain its former proud position upon the sea. Congress, in an unusual outburst of wisdom, passed a law that went into effect in August 1914, and the President promptly signed it. Under that law steamers and ships flying the flags of other nations could be purchased by Americans, and those already owned by Americans but under other colors could be transferred to United States registry, without becoming subject to our navigation laws. The effect of this law was almost magical, and in a comparatively brief period 135 steamers were brought under the stars and stripes. But these favorable conditions were not to continue, for in February of the present year Congress, in its great un-wisdom, passed the so-called La Follette Seamen's Bill, and that, too, was signed by the President.

With its passage a chill came over our shipping merchants, and hopes for a large merchant marine vanished quicker than they had been created. Since its passage, eight months ago, only about forty craft of all kinds have sought our flag, while some of the earlier transfers are contemplating going back to their former colors. A more unfortunate law was never enacted by Congress. The labor unions claim the authorship of it, endorse all its provisions, and are demanding that it be enforced to the letter, and a recent circular issued by the authorities at Washington states that it will be enforced in every detail. But for once they have overshot their mark, and have killed the goose that was laying the golden egg.

The Seamen's Bill is also in direct conflict with some of the provisions of twenty-one of the commercial treaties between the United States and foreign countries, and it is extremely doubtful whether those countries will be willing to amend those treaties and make them accord with the terms and conditions of our law.

What is the result to date of this unwise and unfortunate law? We have only to look at our Pacific Ocean trade, which is now, with the exception of the coastwise trade, all carried

under foreign flags. The splendid steamers of the Pacific Mail Company have been sold, and transferred to service on the Atlantic. The magnificent Minnesota of the Great Northern Line has made her last trip across the Pacific, and the steamers of the Robert Dollar Line have sought Vancouver as a harbor of refuge under the British flag.

Is it any wonder that the Yankees of the Orient, the Japanese, threw up their hands and shouted with delight when they learned of the passage and signing of the Seamen's Law? For, as they would not be subject to that law, the carrying trade of the Pacific dropped into their arms, without even the asking for it. And they intend embracing the opportunity to the full. Their lines of four steamers to San Francisco will soon be increased by four others, and six more have been ordered as soon as their shipyards can build them. What a spectacle it is, not one steamer floating our flag in the Pacific foreign trade, and even the products of our own possessions, the Philippines, carried under foreign colors.

There is so much of bad in the Seamen's Bill, and so little of good, that it is hard to characterize it. The bill is a direct inducement to desertion on the part of the crew. It permits the detention of the steamer on any complaint that a member of the crew may make; it requires a language test that no other nation does, and that is entirely unnecessary; and even in the supposed improvements in life-saving appliances, the Washington authorities have so construed the law that it does not apply to foreign steamers carrying passengers, but only to American.

Could anything be more unwise or spell greater disaster to our flag? But, as though the Seamen's Law were not enough, merchant ship-owners are menaced by government ownership and operation. Merchants are told that as they do not buy or build more ships under present conditions, the government will step in and expend a large amount in building or purchase. As is well known, all the shipyards in the United States are full of orders, and cannot take on more for delivery in less than eighteen months or two years. Foreign shipping is selling at almost double the prices of a year ago and foreign gov-

ernments are very reluctant to allow any of their tonnage to pass from their control. If the government should buy foreign steamers, it would not add anything to the carrying capacity of the world, for it would be merely a transfer from one flag to another.

Is anyone ready to affirm that the government can operate steamships as economically as private merchants or corporations? But apparently that is no obstacle in the way of government ownership at high cost and operation under labor-union conditions. In a recent address in San Francisco, the Secretary of the Treasury plainly stated that we must have American tonnage on the Pacific Ocean no matter what it costs; that if private interests would not provide it, the government would; and if in competition with foreign tonnage under cheaper conditions the government ships should lose money, the losses should be charged to the government and paid for by the people. Was there ever a more flagrant illustration of paternalism run wild? And how can it be expected that private interests will continue in or enter the field against such competition? Is it not more than probable that American shipowners will again seek the protection of foreign flags, where conditions are less onerous and more profitable? A bill providing for government ownership passed the lower house of Congress at the last session and only failed of passage in the Senate after a long struggle. Already those in authority at Washington state that a new bill will be introduced when Congress opens, and pressed by government influence. It behooves every one who desires to see an American merchant marine to be up in arms and use every legitimate means to compass its defeat.

Are there any means or methods by which our shipping can be restored and our flag become known again throughout the world? There are many who believe it is possible, and the following are some details as to what is necessary:

First, the creation of a shipping board patterned largely after the British Board of Trade, which has aided so materially in building up British shipping. This board should be composed of men familiar with all shipping questions, of broad

knowledge and actual experience, and they should be free from the restrictions of governmental interference, except so far as the laws of safety in construction and operation require. They should have the power to revise and reconstruct our navigation laws, making them more nearly conform to those of successful ship-owning nations, removing many restrictions, and, while making them cover every detail of safety, broadening and liberalizing their scope so that they will be less onerous, and will give greater freedom to owners. Is it not wise to avail ourselves of the successful experience of others, rather than adhere to our own faulty and unsatisfactory law?

Second, a prompt suspension of the Seamen's Law, or, better still, its repeal, and if necessary the enactment of a new law avoiding the mistakes of the present one. It must be admitted that as the law now stands, it has already forced a very considerable volume of tonnage out of the trades that have been fostered, cultivated and developed for many years. Those who proposed and pressed it through Congress are the first to suffer, and our American seamen are feeling its ill effects in the lessened opportunities for employment. If Congress cannot be induced to repeal the law, then it should pass supplemental legislation, eliminating its unfavorable features and making it satisfactory and helpful to all interests.

Third, the menace of government ownership should cease and this dark cloud of government competition be driven from the horizon. What merchant or capitalist would be willing to invest in ships when he felt that any day the government would become his competitor and carry on the trade irrespective of whether it was profitable or not? The merchant would have to bear his own losses, while the government would charge them to profit and loss and the people would pay them. Is that a competition that is fair or desirable?

Fourth, proper legislation should be enacted so that advances made by bankers and banks shall be an absolute lien on the ship, with no possibility of anything preceding such lien. England has well-defined and settled laws, operating so successfully that their banks consider loans on shipping as a most desirable form of investment, and it has been a wonder-

ful aid in building up their merchant marine. As the United States is now leading the rest of the world as a center of capital, why should not a fair portion of our surplus go into the building up of our shipping? And it will if our laws will make such investments safe.

These are some of the fundamental conditions that must be met before we can hope to see any large development in our shipping industries. There will be other obstacles to overcome, principally the higher cost of labor and material in the building of ships in the United States, the higher wages that must be paid to officer and man our ships, and a more liberal scale of living; but all of these will be overcome if our laws are made more liberal, unfair restrictions are removed, the menace of government ownership is withdrawn, and greater inducements are offered for the investment of capital.

There is one other subject that requires, and will no doubt receive, exceptional study and consideration by our people and Congress in the rehabilitation of our merchant marine, and it is a subject on which there are great diversities of opinion. Subsidies to many appear to be the only hope of regaining our lost shipping, while to many others they are the most unwise kind of assistance. Advocates claim that our shipbuilders and shipowners must have subsidies or subventions (the difference between the two being hardly appreciable) in order to meet the increased cost of construction and expense of operation. They point to what other nations have done and are doing in the way of such assistance, and claim that the United States must do as much or more. They demand larger appropriations for our ocean mail service, and ask that with government assistance lines should be established and operated to many countries, even if in the operation losses should be sustained. This they do on the ground that "trade follows the flag," a statement that was true many years ago, when our shipowners were merchants also, selling their goods wherever they sent their ships. Today these conditions are entirely changed and trade follows the cheapest and most reliable transportation routes and the best facilities for financing, irrespective of the flag.

Those opposed to subsidies point to the fact that most of the countries granting such assistance do so principally to aid the mail service and not for the transportation of freight. England, with her vast fleet of freight liners and tramp steamships, pays only for carrying of the mails, and for special equipment and preparations for war purposes by the government. Germany pays also for mail services and affords but little assistance to cargo-carriers. In fact, the Hamburg-American Packet Company, the largest steamship company in the world, has never accepted assistance of any kind. France pays the largest subsidies, and her progress in ship-owning has been the slowest of any of the large maritime nations. Japan is the only instance where government assistance has materially helped in the development of a large merchant marine.

As between the pros and cons of this much-debated subject, there should be some medium by which our ship-building and ship-owning industries may be stimulated and yet not cast upon the government the burden of supporting unprofitable enterprises.

Sir Walter Raleigh said that the nation which controlled the shipping of the world controlled the trade of the world, and so the world itself. This may not be quite so true today, but it is true to a very large degree, and with the end of the present war the nation that has the largest volume of shipping will secure the greatest share of foreign trade.

Is it not wise for this country to be up and doing, and making preparations for the trade contest that is sure to come? May we not hope that our legislators at Washington will awaken to the desirability and necessity of wise and proper legislation that will instil into our shipowners, merchants and bankers such trust and confidence that they will all work together in united efforts to place the United States again in the van of ship-owning countries, sending our flag into all ports of the world, and giving us a mercantile marine, the pride of all our people.